



STATE OF DELAWARE

Local School District Consolidation Schedules

June 30, 2007

(With Independent Auditors' Report Thereon)

STATE OF DELAWARE
Local School District Consolidation Schedules
As of and for the Year ended June 30, 2007

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Independent Auditors' Report

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the State of Delaware as of and for the year ended June 30, 2007, and have issued our report thereon dated December 21, 2007.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the State of Delaware taken as a whole. The supplementary information included in the Local School District Consolidation Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget and the Department of Finance, management of the State of Delaware and others who have previously received the basic financial statements of the State of Delaware as of and for the year ended June 30, 2007, and our unqualified opinion thereon, for use in evaluating those basic financial statements and is not intended to be and should not be used for any other purpose. However, under 29 Del. Code Section 10002(d) this report is public record and its distribution is not limited.

KPMG LLP

December 21, 2007

STATE OF DELAWARE

School Districts

Consolidating Balance Sheet Schedule

June 30, 2007

	Appoquinimink	Brandywine	Caesar Rodney	Cape Henlopen	Capital	Christina	Colonial	Delmar	Indian River	Lake Forest	Laurel	Milford
Assets:												
Cash and cash equivalents	\$ 4,860	773,952	742,692	500,815	626,617	499,401	757,804	33,274	119,238	156,232	255,971	282,205
Investments	7,509,959	8,802,327	4,945,944	11,348,009	9,367,884	22,639,158	26,160,341	2,694,008	13,317,609	8,632,097	1,818,277	7,357,699
Accounts receivable, net	156	2,365	—	62,639	—	—	—	—	—	—	4,834	—
Taxes receivable, net	724,330	1,189,574	480,024	1,041,467	730,019	2,453,378	1,862,820	317,784	2,612,896	508,989	687,100	626,882
Total assets	\$ 8,239,305	10,768,218	6,168,660	12,952,930	10,724,520	25,591,937	28,780,965	3,045,066	16,049,743	9,297,318	2,766,182	8,266,786
Liabilities:												
Accounts payable	\$ 438,218	6,346,974	343,103	2,529,288	746,135	9,210,562	4,791,369	120,079	3,274,880	342,706	248,072	292,614
Due to General Fund						12,233,210						
Deferred revenue	678,821	1,069,360	461,672	1,012,242	681,338	2,253,527	1,779,148	307,998	2,460,736	484,065	644,218	593,218
Total liabilities	1,117,039	7,416,334	804,775	3,541,530	1,427,473	23,697,299	6,570,517	428,077	5,735,616	826,771	892,290	885,832
Fund Balances:												
Reserved for encumbrances	247,962	589,286	113,128	328,442	406,703	364,290	2,862,027	3,458	2,125,274	1,892,944	50,457	157,785
Unreserved	6,874,304	2,762,598	5,250,757	9,082,958	8,890,344	1,530,348	19,348,421	2,613,531	8,188,853	6,577,603	1,823,435	7,223,169
Total fund balances	7,122,266	3,351,884	5,363,885	9,411,400	9,297,047	1,894,638	22,210,448	2,616,989	10,314,127	8,470,547	1,873,892	7,380,954
Total liabilities and fund balances	\$ 8,239,305	10,768,218	6,168,660	12,952,930	10,724,520	25,591,937	28,780,965	3,045,066	16,049,743	9,297,318	2,766,182	8,266,786

STATE OF DELAWARE

School Districts

Consolidating Balance Sheet Schedule

June 30, 2007

	<u>NCC Vo-Tech</u>	<u>Polytech</u>	<u>Red Clay</u>	<u>Seaford</u>	<u>Smyrna</u>	<u>Sussex Co Vo-Tech</u>	<u>Woodbridge</u>	<u>Administration</u>	<u>Total</u>
Assets:									
Cash and cash equivalents	\$ 48,675	52,628	808,107	851,883	141,459	64,681	252,758	—	6,973,252
Investments	12,068,991	2,520,111	7,546,049	4,324,093	8,011,344	3,323,073	1,690,753	627,989	164,705,715
Accounts receivable, net	—	—	—	3,066	—	164,706	—	—	237,766
Taxes receivable, net	837,715	216,876	1,776,161	1,314,715	342,248	635,569	788,281	—	19,146,828
Total assets	\$ 12,955,381	2,789,615	10,130,317	6,493,757	8,495,051	4,188,029	2,731,792	627,989	191,063,561
Liabilities:									
Accounts payable	\$ 2,676,865	140,915	10,454,677	303,231	251,286	747,010	218,671	—	43,476,655
Due to General Fund									12,233,210
Deferred revenue	783,251	206,364	1,645,577	1,261,496	333,862	600,218	731,490	—	17,988,601
Total liabilities	3,460,116	347,279	12,100,254	1,564,727	585,148	1,347,228	950,161	—	73,698,466
Fund Balances:									
Reserved for encumbrances	1,336,216	62,937	(400,088)	360,534	567,781	148,381	63,827	—	11,281,344
Unreserved	8,159,049	2,379,399	(1,569,849)	4,568,496	7,342,122	2,692,420	1,717,804	627,989	106,083,751
Total fund balances	9,495,265	2,442,336	(1,969,937)	4,929,030	7,909,903	2,840,801	1,781,631	627,989	117,365,095
Total liabilities and fund balances	\$ 12,955,381	2,789,615	10,130,317	6,493,757	8,495,051	4,188,029	2,731,792	627,989	191,063,561

STATE OF DELAWARE

School Districts

Consolidating Schedule of Revenues, Expenditures, and Changes in Fund Balance

June 30, 2007

	Appoquinimink	Brandywine	Caesar Rodney	Cape Henlopen	Capital	Christina	Colonial	Delmar	Indian River	Lake Forest	Laurel	Milford
Real estate taxes	\$ 17,946,626	46,211,392	7,363,808	24,742,336	15,424,128	87,886,420	35,047,092	1,293,593	27,040,881	4,491,376	2,622,063	6,184,452
Licenses, fees, permits and fines	—	22,135	—	—	4,999	17,009	125	—	77,239	—	—	199
Rentals and sales	2,165,359	1,954,864	4,786,611	2,196,373	1,030,216	8,674,550	795,473	588,956	4,708,353	2,674,631	383,718	82,021
Federal government	54,624	163,097	87,386	114,427	—	408,185	—	23,300	479,961	—	—	239
Interest & other investment income	1,133,200	1,547,551	271,801	950,803	530,295	2,419,325	2,178,383	166,623	1,314,925	484,492	118,035	445,747
Other	1,089,237	1,675,718	3,235,233	632,384	3,179,519	1,788,399	4,959,881	752,452	2,019,434	1,091,427	601,032	658,751
Total revenue	22,389,046	51,574,757	15,744,839	28,636,323	20,169,157	101,193,888	42,980,954	2,824,924	35,640,793	8,741,926	3,724,848	7,371,409
Education	16,205,945	47,959,751	12,611,289	23,003,397	13,443,831	73,049,625	39,394,861	2,719,364	30,213,044	7,828,804	3,909,964	6,688,436
Payment to/(from) component unit	1,471,031	1,449,086	183,802	256,873	1,085,977	5,735,285	2,781,212	(21,704)	(150,716)	71,572	104,530	2,047
Total expenditures	17,676,976	49,408,837	12,795,091	23,260,270	14,529,808	78,784,910	42,176,073	2,697,660	30,062,328	7,900,376	4,014,494	6,690,483
Excess of revenues over expenditures	4,712,070	2,165,920	2,949,748	5,376,053	5,639,349	22,408,978	804,881	127,264	5,578,465	841,550	(289,646)	680,926
Transfers in	579,179	2,829,697	649,085	1,617,536	771,718	2,677,195	1,190,373	64,454	1,835,907	319,537	215,275	467,299
Transfers out	(4,371,323)	(5,186,913)	(1,224,431)	(1,494,574)	(2,161,923)	(9,180,573)	(3,301,692)	(359,713)	(4,713,571)	(556,928)	(174,368)	(721,669)
Other financing sources	—	—	—	—	—	—	—	—	—	—	—	—
Total other financing uses	(3,792,144)	(2,357,216)	(575,346)	122,962	(1,390,205)	(6,503,378)	(2,111,319)	(295,259)	(2,877,664)	(237,391)	40,907	(254,370)
Net change in fund balances	919,926	(191,296)	2,374,402	5,499,015	4,249,144	15,905,600	(1,306,438)	(167,995)	2,700,801	604,159	(248,739)	426,556
Fund balances – beginning	6,202,340	3,543,180	2,989,483	3,912,385	5,047,903	(14,010,962)	23,516,886	2,784,984	7,613,326	7,866,388	2,122,631	6,954,398
Fund balances – ending	\$ 7,122,266	3,351,884	5,363,885	9,411,400	9,297,047	1,894,638	22,210,448	2,616,989	10,314,127	8,470,547	1,873,892	7,380,954

STATE OF DELAWARE

School Districts

Consolidating Schedule of Revenues, Expenditures, and Changes in Fund Balance

June 30, 2007

	NCC Vo-Tech	Polytech	Red Clay	Seaford	Smyrna	Sussex Co Vo-Tech	Woodbridge	Administration	Total
Real estate taxes	\$ 24,683,761	3,490,817	61,357,102	5,895,179	5,502,677	5,843,732	3,391,149	—	386,418,584
Licenses, fees, permits and fines	—	5,130	225	—	31,003	(30,256)	724,040	—	851,848
Rentals and sales	306,874	1,223,455	3,313,873	830,675	48,338	458,107	397,955	—	36,620,402
Federal government	—	—	5,500	—	43,104	14,365	—	—	1,394,188
Interest & other investment income	768,983	185,268	2,133,280	300,331	608,873	280,962	147,953	13,435	16,000,265
Other	3,475,511	114,239	2,430,091	244,499	643,137	713,563	495,338	(523,192)	29,276,653
Total revenue	29,235,129	5,018,909	69,240,071	7,270,684	6,877,132	7,280,473	5,156,435	(509,757)	470,561,940
Education	25,437,645	4,054,042	72,902,697	5,889,612	5,721,547	6,565,029	4,672,316	—	402,271,199
Payment to/(from) component unit	—	—	(1,266,084)	52,614	300,347	—	148,320	—	12,204,192
Total expenditures	25,437,645	4,054,042	71,636,613	5,942,226	6,021,894	6,565,029	4,820,636	—	414,475,391
Excess of revenues over expenditures	3,797,484	964,867	(2,396,542)	1,328,458	855,238	715,444	335,799	(509,757)	56,086,549
Transfers in	30,382	9,200	3,230,774	479,115	336,411	12,420	223,507	318,460	17,857,524
Transfers out	(1,359,859)	(210,541)	(7,419,259)	(842,005)	(1,124,015)	(671,469)	(618,655)	—	(45,693,481)
Other financing sources	—	—	2,281,129	—	—	—	—	—	2,281,129
Total other financing uses	(1,329,477)	(201,341)	(1,907,356)	(362,890)	(787,604)	(659,049)	(395,148)	318,460	(25,554,828)
Net change in fund balances	2,468,007	763,526	(4,303,898)	965,568	67,634	56,395	(59,349)	(191,297)	30,531,721
Fund balances – beginning	7,027,258	1,678,810	2,333,961	3,963,462	7,842,269	2,784,406	1,840,980	819,286	86,833,374
Fund balances – ending	\$ 9,495,265	2,442,336	(1,969,937)	4,929,030	7,909,903	2,840,801	1,781,631	627,989	117,365,095

STATE OF DELAWARE

Notes to the Local School District Consolidation Schedules

June 30, 2007

(1) **Summary of Significant Accounting Policies**

(a) Reporting Entity

The accompanying financial schedules present all of the State's 19 local school districts, which are not legally separate, and which are included in the reporting entity of the State of Delaware primary government.

(b) Basis of Accounting

Local school district fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, grants, fees, sales, rents, and interest income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the State. Revenue related to expenditure driven grants is recognized when the qualifying expenditures have been incurred and all other grant requirements have been met.

(2) **Deficit Fund Balance**

In 2007, the Red Clay School District reduced their fund balance by \$4.3 million which resulted in a deficit of \$1.9 million. The District is working with the State Department of Education Financial Recovery Team to establish additional controls to monitor the implementation of the budget reduction plan established by the District.